GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1994
ANSWERED ON:15.03.2002
BAIL OUT PACKAGE FOR IFCI
RAGHUVANSH PRASAD SINGH

Will the Minister of FINANCE be pleased to state:

(a) The amount given by the Government to bailout the ailing IFCI during the current financial year;

(b) whether the Government have reviewed the report of the Water Price Coopers on liquidity and solvency assessment of IFCI;

(c) if so, the main findings of the report; and

(d) the manner in which the Government propose to revamp the functioning of the IFCI?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) Government of India released Rs 400 crore during the current financial year by way of 20 years Convertible Debentures.

(b) to (d) In August, 2001 Price water house Coopers` (PWC) was commissioned by IFCI to carry out a quick limited review of the existing assets portfolio of IFCI, focused on anindependent liquidity and solvency assessment. PWC in its report submitted to IFCI on 28th January, 2002 inter alia made assessment of estimated recoverable value of IFCI assets portfolio as on 30th June, 2001, as a going concern basis. PWC also assessed the capital infusion required for (FCI and also the liquidity gap. The report was presented to the Board of IFCI on 30th January, 2002. The Board decided to have the second phase of the study completed quickly. Accordingly, Mis. Mckinsey and Company was engaged on 28th February, 2002 to conduct a study, in about ten weeks time, to formulate future strategy and business plan for IFCI including developing a detailed strategic blue printand implementation plan. IFCI will await the findings of the Mckinsey study to evolve a long-term strategy.